2/11/86
A8825-1

Securities Industry Trends

ANNUAL SUBSCRIPTION
$36.00 member • $60.00 non-member

AN ANALYSIS OF EMERGING TRENDS IN THE SECURITIES INDUSTRY
Produced by the SIA Research Department

February 5, 1986

Special Trends Issue

This issue of Securities Industry Trends will introduce a new SIA service, SIA's International Newsletter. A special section of this initial newsletter includes an abridged version of a document produced by SIA's Research Department and International Committee on barriers faced by U.S. securities firms in overseas capital markets. This document was requested by the OECD and has been distributed to the 24 OECD countries for their reactions as well as within the U.S. Government.

Why a Newsletter?

SIA's Research Department and International Committee believe that the continuing integration of the U.S. domestic capital market with foreign capital markets and increases in portfolio investment in both directions clearly calls for increasing awareness among member firms. In fact, a recent three-part series in the New York Times on foreigners' role in the U.S. noted that "foreign investments are approaching $1 trillion and have created an estimated 2.5 million American jobs." Foreign securities firms are playing an increasing role in the U.S. capital markets. For instance, several Japanese securities firms have applied to become primary dealers in U.S. government securities. Of course, U.S. securities firms have not been left behind as they have become major players in overseas capital markets and several recently became members of the Tokyo Stock Exchange.

We hope this newsletter serves to stimulate interest about international markets and provides data and written material about internationalization that readers may have missed. If it does, than it will serve its purpose.

Any comments you may have on the newsletter or document should be sent to SIA's Research Department. If you wish to continue receiving copies, please send in the attached orange form.

Securities Industry Association
120 Broadway • New York, N.Y. 10271 • (212) 608-1500

DEVELOPMENTS IN INTERNATIONAL SECURITIES MARKETS

Recent events, such as the G-5 decision on floating exchange rates, underscore the growing interdependence of the world's economies. Within this framework, the world's financial markets are becoming increasingly interdependent. In many cases, securities firms react to events occurring outside of their country of domocile almost as if the event occurred inside their country.

This newsletter is a response to the trend commonly called internationalization and will periodically cover issues and events overseas which now, or later, have an impact on U.S. broker-dealers doing business in foreign markets as well as impacting foreign entities doing business in the U.S.

JAPAN PERMITS FOREIGNERS SEATS ON EXCHANGE

The Tokyo Stock Exchange (TSE), under continuing pressure from foreign countries and intermediaries to liberalize their financial markets, recently admitted six foreign firms to membership on the TSE beginning in 1986. This removed one obstacle for foreign firms doing a securities business in Japan. Four Japanese firms were also admitted, raising the total number of seats on the TSE to 93.

The cost of a seat on the Exchange will be about $5 million (about 10 times the cost of a seat on the NYSE). U.S. firms admitted to the TSE were Goldman, Sachs, Merrill Lynch and Morgan Stanley. Three firms from the UK were also admitted: Jardine Fleming Securities, Vickers da Costa and S.G. Warburg.

A seat on the TSE offers significant advantages. For instance, foreign securities firms without a seat were required to pay a 27% commission to a Japanese broker for his role as an intermediary in executing orders on the TSE. A seat will allow the firm to avoid this commission and keep the total fee which, over the course of a year, could be substantial (a recent article in the Financial Times noted that "Jardine Fleming paid $13.2 million in commissions to Japanese brokers in the year to September").

US ORGANIZATIONS WITH BRANCHES IN JAPAN[1]

Name	Number of Employees	Starting Date of Operations in Japan
Merrill Lynch	196	July 1972
Vickers da Costa (Citicorp)	39	October 1978
Bache	35	January 1980
Smith Barney	35	January 1980
Salomon Brothers (Asia)	21	August 1982
Kidder Peabody	28	June 1983
Goldman Sachs	20	November 1983
Morgan Stanley	80	June 1984
First Boston	43	June 1985

GLOBAL FOREIGN EXCHANGE MARKET DOUBLES DURING LAST FIVE YEARS

A recent survey completed by the Group of Thirty, a research organization of international experts, concluded that the size of average daily turnover in the global foreign exchange market has doubled to $150 billion over the last five years. London continues as the world's largest foreign exchange market, with average daily foreign exchange trading volume rising from about $25 billion in 1979 to $49 billion in 1984.

New York is the second largest market, rising an estimated $18 billion, to $35 billion per day. Zurich, the fourth largest market in 1979, rose to third largest, with average daily turnover at $20 billion.

FOREIGN EXCHANGE CENTERS

	$bn 1979	1984
London	25	49
New York	17	35
Zurich	10	20
Frankfurt	11	17
Tokyo	2	8
Singapore	3	8
Hong Kong	4	8
Paris	4	5
Total	75	150

Median estimates of average daily turnover
Source: Group of 30

1/ IDD, July 1, 1985, p.8

London and New York have not increased their percentage of the market share during the past five years, holding at 56% in both 1979 and 1984. However, during this same period, Far Eastern countries increased their share from 11% to 16%.[2/]

NASD AND LSE READY TO SWAP STOCK QUOTES

The National Association of Securities Dealers (NASD) and the London Stock Exchange (LSE) recently took a first step toward 24-hour trading. The two organizations have agreed to swap stock quotes during a two year pilot program.

The purpose of this agreement is to expand the hours during which investors on the two markets can receive stock quotes. For instance, U.S. investors will have the ability to learn the price British market makers will sell or buy a stock for prior to the opening of the NYSE.

NASDAQ will display price quotes on stocks listed in the Financial Times-Stock Exchange 100 and 180 non-British stocks in which there is active market making in London off the floor. The LSE will receive quotes on 200 leading NASDAQ companies as well as 75 non-British companies whose ADRs are traded on NASDAQ.

ANNUAL SYMPOSIUM ON INTERNATIONAL OPERATIONS DISCUSS LINKAGES

The National Securities Clearing Corporation recently announced that through the establishment of a subsidiary called the International Securities Clearing Corporation (ISCC), a clearing linkage with the London Stock Exchange will be developed. This announcement was made at the Annual Symposium of the International Operations Association.

Addressing the Symposium, Gerard P. Lynch, Chairman of the Board, NSCC, noted that the purpose of the linkage would be to provide U.S. investors with access to the UK's clearing system (TALISMAN) and permit UK investors to clear through the U.S's ISCC/NSCC/DTC mechanism. Trades settled in each country will continue on their usual settlement cycle, the U.S. trade date plus five and the UK fortnightly system.

The long term objective of the NSCC is to establish links with other worldwide clearing and depository organizations.

[2/] The survey can be obtained by contacting the Group of Thirty, 725 Park Avenue, New York, N.Y. 10021, Attn: The Foreign Exchange Markets in the 1980's. Pre-payment ($15) is required.

Mr. Lynch noted some of the benefits occurring as a result of these linkages are:

1) local custodians, experienced with local country laws and practices, are utilized;

2) dealers have a single access point for all processing; and

3) trades are compared early in the cycle.

U.S. CORPORATIONS FIND EUROBOND MARKET ATTRACTIVE

U.S. corporations, in search of additional capital at lower financing costs, are increasingly turning toward the flourishing Eurobond market. The Eurobond market, which in 1976 raised just under $14.5 billion, increased five-fold to a record $79.5 billion in 1984. During the first nine months of 1985, total capital raised in the Eurobond market shattered the 1984 record and stood at $98 billion.3/ The full year 1985 figure stood at $134.4 billion.

Frequently, U.S. corporations have found financial prospects in the Eurobond market cheaper than in the domestic market. This fact is supported when Eurobond financing by U.S. corporation is looked at as a percentage of corporate debt offerings. Since 1980, there has been a 412% increase in U.S. corporations utilizing Eurobond financing.

Corporate Debt Issues by American Corporations in the U.S. and Overseas Markets
($ Billions)

	1980	1981	1982	1983	1984
Capital raised overseas4/	$ 4.1	$ 6.2	$12.6	$ 6.0	$21.0
Capital raised in the U.S. by debt	41.6	46.4	57.2	52.2	69.3
TOTAL RAISED	$45.7	$52.6	$69.8	$58.2	$90.3
Money raised overseas as a % of total	9.0%	11.8%	18.1%	10.3%	23.3%

Sources: Morgan Guaranty Trust and Securities Industry Trends

3/Morgan Guaranty Trust's World Financial Markets.

4/Eurobond issues only, excludes foreign bonds

STUDY OF EUROBOND MARKET SUGGESTS INCREASING CONCENTRATION

Carol L. Courtadon, in a recent study produced by NYU's Salomon Brothers Center for the Study of Financial Institutions, indicates that while competition among Eurobond underwriters is fierce, concentration in the market is increasing. Additionally, issues require larger capital commitments with increasing distribution capability. If this trend continues, market share will become increasingly concentrated by a relatively few underwriters.

Market Concentration: Lead Manager Shares of New Eurobond Issues, 1979-1984

	1979	1980	1981	1982	1983	1984
Aggregate Lead Manager Shares of New Eurobond Issues:						
Top 3 lead managers	24%	23%	24%	32%	33%	32%
Top 5 lead managers	32	31	35	41	41	44
Top 10 lead managers	50	47	51	57	54	61
Top 15 lead managers	61	58	63	66	65	70
Top 25 lead managers	76	72	75	78	78	83

Source: "The Competitive Structure Of The Eurobond Underwriting Industry", Carol L. Courtadon, Salomon Brothers Center for the Study of Financial Institutions.5/

ON-LINE INFORMATION FOR THE EUROMARKETS

DAFSA KOMPASS, a Paris based producer of on-line information, serves both the financial and corporate markets on an international scope. Portfolio analysts and managers can receive stockmarket and bond data via PC. Information on the corporate market includes financial reports on lending European companies. The database also includes news worthy events related to securities.

5/ The study also covers the distribution techniques of Eurobonds as well as an analysis of Floating Rate Note, Straight Bond, and Convertible and Warrant Issue Sectors. Copies of the study can be obtained by contacting Salomon Brothers Center for the Study of Financial Institutions, 90 Trinity Place, New York, N.Y. 10006.

In January of 1984, DAFSA KOMPASS came to an agreement with AP, Dow Jones and Quotron. Under the terms of this agreement, DAFSA data bases were made available throughout Europe, the United States and the rest of the world via the Quotron network. Further information on DAFSA can be obtained by writing Jean-Daniel De Jonge, Director-DAFSA, Avenue Louise, 4, 176, Box 4 B-1050 Brussels (Belgium)

Short Notes:

- Regulatory authorities in the U.S. and U.K. recently met to discuss barriers between the two countries which impede investors. They also discussed the exchange of market surveillance information.

- The NYSE has recently formed a committee to advise its board on the European corporate community's views on international securities and business matters.

- Looking for information on the swap market. Call the International Swap Dealers Association, Inc., 122 East 42nd Street - Suite 1700, New York, N.Y. 10168, 212/972-3088.

- The Dutch Government recently unveiled new measures to deregulate their market. The Amsterdam Stock Exchange will also cut its commission rates, for the second time this year. The Exchange is also making overtures toward U.S. brokerage firms to become members.

- Despite threat of suit by the Chicago Mercantile Exchange, the Philadelphia Stock Exchange is expected to introduce ECU contracts and link the trading of these contracts to the European Options Exchange.

- Japan's Ministry of Finance (MOF) has granted a securities license to Drexel Burnham Lambert.

- The Big Bang, scheduled for this October, will mean an end to fixed commissions on the LSE. Robert Fleming, an English merchant bank, notes that a large proportion of trades will be carried out on a net basis, hence the bank forecasts a sharp drop in commission rates.

EXTRACTS FROM
BARRIERS TO INTERNATIONAL SECURITIES MARKETS
ENCOUNTERED BY U.S. BROKER-DEALERS

RESEARCH DEPARTMENT,
SECURITIES INDUSTRY ASSOCIATION
October, 1985

France

Foreign exchange controls in France are the single largest impediment to foreign firms doing business in France. In order for French residents to buy foreign securities, they must use a French broker as an intermediary. This raises costs to the U.S. broker-dealer who must pay a fee to the French broker for his service as an intermediary.

Another serious competitive impediment to U.S. broker-dealers in France are the regulations requiring French citizens to leave their securities with a qualified intermediary approved by the authorities. French banks and French brokers, qualify for such a classification, but foreign broker-dealers do not. French citizens channeling business through U.S. broker-dealers are obligated to deposit their securities with a French bank or French broker.

France has very stringent laws with respect to colportage and demarchage. Colportage is forbidden altogether, and demarchage is permitted only by banking institutions and by agents de change and their solicitors, all of whom are subject to specific government regulation. The French penal provisions run from one to ten years imprisonment and up to 180,000 francs in fines, and civil actions may be brought for damages or recision. These laws severely limit the ability of the representative offices of foreign securities firms to develop business. Strictly speaking, all business solicitation should be limited to the banks and agents de change themselves. The only business United States broker/dealers can pursue are those prospects who come to the representative offices on their own initiative, and prospects who have independently requested information about opening an account.

Finally, membership on the Paris Bourse is confined to French citizens only.

Germany

The securities business in Germany is considered to be a banking activity covered under the German Banking Act. Once a banking license is obtained, there are few impediments to doing a securities business. Indeed, this is one of the easiest countries to do business in for U.S. broker/dealers.

However, requirements for obtaining a banking license can be onerous for most foreign firms. "According to German Banking Law, the purchase and sale of securities on behalf of third persons constitutes a banking transaction (Section 1 of the "Gesetz uber das Kreditwesen"). Anyone wishing to engage in banking transactions in the Federal Republic of Germany must

obtain permission from the Federal Credit Control Board ("Bundesaufsichtsamt fur das Kreditwesen").

Such permission does not mean that a broker-dealer must engage in a full range of banking activities. Presumably, a foreign brokerage firm obtaining a banking license can choose to limit its activities to brokerage. Once the foreign firm has received permission from the Federal Credit Control Board, it can be admitted to the German Stock Exchanges under the same conditions as a German credit institution.

Thus, a U.S. broker-dealer can operate in Germany if it is willing to meet all the required conditions of a banking institution. In many instances, certain foreign entities wishing to conduct only a brokerage and not a full fledged banking business may find the requirements imposed for obtaining a banking license too stringent.1/

Unwritten regulations - gentlemen's agreements - provide that no member invited into an underwriting deal by the German banks as a co-manager will compete with the lead manager for the same issuer's next investment banking transaction.2/ In fact, according to a leading financial publication, a co-manager has never been allowed to be a lead manager.3/

There is also a problem with commodities and options trading, which U.S. firms consider part of the everyday securities business in the U.S. These activities are considered as equivalent to "gambling" by the authorities. In certain situations, this may preclude a foreign firm from recovering monies owed by a customer as a result of such transactions.

Japan

While Japan's securities markets show signs of opening up to foreign firms, considerable barriers still exist.

In order to engage in a full-fledged brokerage business in Japan, it it necessary to obtain authorization from the Ministry of Finance to set up a branch.4/ This process takes

---

1/ NYSE's "Recommendations on Access and Membership by Foreign-Controlled Broker-Dealers to the U.S. Securities Markets", June, 1974.

2/ Euromoney, February 1985, p.73.

3/ Ibid, p.73.

4/ As at December 12, 1985, the total number of foreign owned securities dealers in Tokyo was 20.

considerable time. As far as we can gather, only two individuals process applications for authorization for foreign securities firms to set up a branch. The individuals also have the additional burden of processing applications for Japanese firms which wish to establish branches overseas. Hence, both U.S. and Japanese firms are affected. In addition, authorization for setting up a branch will only be given if a minimum of 20 individuals work for the office. While this is an "unwritten law", branch status is almost impossible to obtain without this minimum number of people. In addition, the branch manager must be a resident of Japan.

Even if a foreign broker-dealer obtains a license from the Ministry of Finance to engage in the brokerage business, the Japanese stock exchanges make membership difficult to obtain.

Without the ability to be a member of the exchange, business in Japan is severely impeded. Foreign firms which have a securities business license to operate as a branch must pay a 23% commission to the Japanese broker for his role as an intermediary to the retail client. Foreign firms without a license to do securities business in Japan, but which have representative office status, must pay a 80% commission. Similarly, a broker-dealer in the United States having neither branch or representative status must also pay a 80% commission to the Japanese broker. There is no difference between selling stocks which are listed, or non-listed, on a Japanese stock exchange; the commission structure noted above holds.

Finally, a commodities business may only be done if the firm does not trade securities. This regulation stands for both Japanese and foreign firms. Unfortunately, this type of regulation is devastating to U.S. broker/dealers where the securities and commodities business are handled under the same roof.

We also note recent pronouncements by the Ministry of Finance which indicate that banks, securities houses and insurance companies should restrain the purchases of foreign securities. This is detrimental to firms which seek such business and might lessen the desirability of a Japanese investor interested in buying foreign stocks, bonds, etc.5/

Sweden

The principal barrier to primary or secondary market activities in U.S. securities in Sweden is that all overseas

---

5/ Indeed, curbs on the outflow of capital are already in place. An article in the September 21, 1985 issue of The Economist noted that "...insurance firms, trust banks and

(Footnote continued on next page)

securities purchases by Swedish residents, corporate or individual, must be done through an initial purchase of a foreign currency from a pool of finite size. In addition, a premium must be paid to acquire this currency; currently, the level is about 25%.

Subject always to the investment currency, Swedish investors are only permitted to buy listed foreign securities. This precludes their buying non-listed stocks, including mutual funds, which have been popular in the U.S. during recent years. While not a discriminatory practice, options and futures trading is, strictly speaking, prohibited, although in practice a reasonable degree of "flexibility" seems to have been displayed by the authorities in the application of these regulations, i.e. some activity does take place in these derivative instruments. In addition, options on the stock of Sweden's six largest companies have recently been listed on the Swedish Stock Exchange, so (de facto) some liberalization in this area may be developing.

Apart from the clear-cut barrier to investment banking activities in the context of U.S. corporations raising money in Sweden, described above, there is another major impediment relating to the issuance by Swedish corporations of securities in overseas markets, including the United States. Swedish corporations have two classes of shares, restricted and free. One or two large companies are "grandfathered" and most of their shares are free e.g. Ericsson, Electrolux. On average however, only about 20% of a company's stock is free. The significance of this is that only free stock may be bought by foreign investors and thus, when such foreign investors wish to purchase Swedish securities, a premium - at times significant - must be paid. Approximately 6%-7% of the Swedish stock market is believed to be owned by foreign investors.

Swedish corporations have been encouraged to raise capital abroad in the fixed income markets. Although a permit to do so is required, they have been readily granted and a large number of issues have been done. It is not a requirement of the authorities, but traditionally, one of the two major Swedish banks' London investment banking arms has always been involved in these issues as a co-manager.

A permit is required by foreign investment banks to open a branch in Sweden. The Central Bank has made it known that the issuance of such permits is likely to be limited although, given the present environment, there is little point in applying for such a permit, since all of the potential

---

(Footnote continued from previous page)
pension funds are not allowed to invest more than 10% of their assets abroad."

investment banking and securities business appears to be covered more than adequately from either a London or other European (or even a U.S.) base.

Switzerland

While the Swiss capital market is one of the most important capital markets in the world, Swiss monetary authorities have restricted access to it for foreign broker/dealers. Recently, the deregulation of competing international markets has moved the Swiss government to open its market.

There are several serious impediments for a foreign firm when setting up a branch in Switzerland. Work permits, which are necessary for brokerage activities, are extremely hard to obtain in Switzerland. In addition, foreign branch offices are required to hire Swiss residents. Also, capital requirements for foreign branches can be quite onerous for a smaller firm wishing to do a limited business in Switzerland. Finally a "surety bond" must be placed with the government.

Underwriting privileges in Switzerland are also restricted. The largest banks lead manage 70 to 75% of all Swiss Franc bond issues for foreign borrowers.6/ If foreign firms try to penetrate this market, the Swiss banks threaten foreigners with loss of business that they were receiving in the past. However, the large number of foreign banks, in particular investment banks, in Switzerland (about 200 as of December 1985) have raised the eyebrows of Swiss banks. Current talk among Swiss banks is to subject foreign investment banks which lead-manage issues to the same capital requirements as banks. They must also designate competent management and, what is a major condition, reciprocity.

One of the most severe impediments in Switzerland is the "gentlemen's agreement". Simply stated, the "agreement" prohibits foreign firms from calling on local or non-residents to do a retail business or advertising to increase business. Non-observance of this "agreement" could elicit a response from the Swiss banks which would effectively ban a "violating" firm from the underwriting market. Additionally, non-observance by U.S dealers could lead them to be blacklisted by Swiss banks, eliminating their receiving the traditional brokerage business channeled for execution on the U.S. exchanges.

In addition, secondary market activity (for Swiss and non-Swiss broker dealers) is impeded by the stamp duty and brokerage fees payable on every transaction, although there is no duty on same-day trading, only on positions held overnight.7/

6/ Euromoney, August 1985, p.43.

7/ Ibid, p.59.

Membership is difficult, if not impossible, for foreign firms on the Zurich Stock Exchange.

United Kingdom

Many U.S. firms currently have offices in the United Kingdom in which they do a substantial Eurobond business. Recent developments in England indicate a willingness to further liberalize their markets for foreign securities firms. Underscoring the trend toward liberalization are decisions to abolish fixed commission rates and the dual capacity system, allowing firms to perform both brokerage and dealing activities.

Unfortunately, certain barriers still remain. For instance, ownership of Stock Exchange firms by foreign firms is limited to 29.9%. Yet, full ownership of Stock Exchange firms by foreigners may be allowed after March 31, 1986. Anticipation of such a ruling has already prompted investments by U.S. brokers and banks in member firms of the London Stock Exchange.

The Bank of England does not permit foreign-owned institutions to lead in the distribution of new issues within the domestic sterling capital market unless "in the Bank's view there are reciprocal opportunities in their domestic capital markets for equivalent UK-owned institutions."

EUROMARKET TURNOVER
($000,000)
(1/2/86 - 1/23/86)

Primary Market	Eurobond Straights	Eurobond Convertibles	Floating Rate Notes	Other Bonds & Instruments
US DOLLAR ISSUES	$9,146.8	$142.7	$2,017.8	$714.7
OTHER CURRENCIES	$2,820.0	$2.7	$1,974.2	$251.4
Secondary Market				
US DOLLAR ISSUES	$59,277.4	$3,171.8	$40,752.9	$7,066.2
OTHER CURRENCIES	$17,728.0	$465.1	$8,042.0	$8,031.9

	CEDEL	EUROCLEAR	TOTAL
US DOLLAR ISSUES	$37,456.9	$84,829.5	$122,286.4
OTHER CURRENCIES	$19,612.0	$19,703.4	$39,315.4
TOTAL	$57,068.9	$104,532.9	$161,601.8

MARKET VALUE OF EQUITY SHARES OF DOMESTIC COMPANIES*

EXCHANGE	DECEMBER 31, 1980 (US $ Millions)	DECEMBER 31, 1981 (US $ Millions)	% CHANGE 1980-1981	DECEMBER 31, 1982 (US $ Millions)	% CHANGE 1981-1982	DECEMBER 31, 1983 (US $ Millions)	% CHANGE 1982-1983	DECEMBER 31, 1984 (US $ Millions)	% CHANGE 1983-1984
AMERICAN	$46,863.8	$40,199.7	-14.2%	$45,043.2	12.0%	$57,574.4	27.8%	$52,001.1	-9.7%
ASSOC. AUSTRALIAN	59,668.5	24,379.7	-59.1%	41,525.8	70.3%	54,036.1	30.1%	49,939.6	-7.6%
AMSTERDAM	29,370.3	23,873.2	-18.7%	25,712.7	7.7%	33,741.6	31.2%	35,425.6	5.0%
BASEL	36,732.4	32,532.3	-11.4%	33,245.9	2.2%	38,980.5	17.2%	36,983.0	-5.4%
BARCELONA	15,373.0	15,340.5	-0.2%	10,413.7	-32.1%	9,062.5	-13.0%	11,588.8	27.9%
BRUSSELS	10,033.1	8,369.2	-16.6%	8,565.2	2.3%	10,779.0	25.8%	12,342.0	14.5%
BUENOS AIRES	3,954.9	1,396.2	-64.7%	972.9	-30.3%	1,386.3	42.5%	1,170.7	-15.6%
COPENHAGEN	9,243.1	6,172.6	11.4%	5,545.3	-10.2%	10,211.7	84.2%	7,588.1	-25.7%
ASSOC. OF GERMAN	71,715.7	62,587.4	-12.7%	68,953.1	10.2%	82,869.5	20.2%	78,368.2	-5.4%
GENEVA	37,581.2	35,245.9	-6.2%	36,822.3	4.5%	42,529.7	15.5%	38,722.6	-8.9%
HELSINKI	N/A	N/A	N/A	2,759.4	N/A	4,133.7	49.8%	4,167.1	0.8%
HONG KONG	39,013.2	38,890.9	-0.2%	N/A	N/A	N/A	N/A	N/A	N/A
JOHANNESBURG	100,000.7	74,856.3	-25.1%	77,848.0	4.0%	82,756.2	6.3%	53,388.3	-35.5%
KOREA	3,828.8	4,224.3	10.3%	4,407.7	4.3%	4,386.8	-0.5%	6,222.4	41.8%
KUALA LUMPUR	12,393.6	15,298.6	23.4%	13,877.6	-9.3%	22,699.1	63.6%	19,333.6	-14.8%
LONDON (1)	205,182.7	189,563.1	-7.6%	196,251.2	3.5%	225,837.0	15.1%	236,403.4	4.7%
LUXEMBOURG (2)	3,994.1	4,457.3	11.6%	4,685.8	5.1%	5,798.9	23.8%	6,647.7	14.6%
MADRID	16,564.8	16,677.9	0.7%	11,168.1	-33.0%	10,918.7	-2.2%	13,232.1	21.2%
MEXICO (3)	12,993.9	10,100.2	-22.3%	1,718.8	-83.0%	3,007.2	75.0%	3,661.4	21.8%
MILAN	25,340.2	23,957.3	-5.5%	19,926.4	-16.8%	20,908.9	4.9%	25,721.3	23.0%
MONTREAL	N/A	N/A	N/A	103,546.4	N/A	117,004.2	13.0%	112,078.1	-4.2%
NEW YORK	1,190,534.0	1,098,561.0	-7.7%	1,258,722.0	14.6%	1,522,160.0	20.9%	1,529,458.6	0.5%
OSAKA	331,153.3	371,972.7	12.3%	370,568.3	-0.4%	467,638.7	26.2%	545,339.1	16.6%
OSLO	3,190.1	3,334.4	4.5%	2,395.6	-28.2%	4,602.9	92.1%	5,793.9	25.9%
PARIS	54,616.1	38,127.5	-30.2%	29,645.9	-22.2%	38,139.7	28.7%	41,058.2	7.7%
RIO DE JANEIRO	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
SAO PAULO	N/A	12,577.1	N/A	10,260.5	-18.4%	15,099.7	47.2%	29,140.6	93.0%
SINGAPORE	24,412.0	34,807.6	42.6%	11,732.6	-66.3%	15,525.3	32.3%	12,246.5	-21.1%
STOCKHOLM	12,909.8	17,215.8	33.4%	18,596.8	8.0%	30,167.7	62.2%	25,674.1	-14.9%
TEL AVIV (4)	4,808.4	6,970.1	45.0%	15,917.3	128.4%	5,084.9	-68.1%	6,120.1	20.4%
TOKYO	379,211.7	417,943.1	10.2%	417,405.2	-0.1%	545,849.3	30.8%	644,413.3	18.1%
TORONTO	118,346.2	105,573.8	-10.8%	103,566.4	-1.9%	140,630.0	35.8%	134,554.3	-4.3%
VIENNA (5)	1,956.0	1,583.6	-19.0%	1,509.7	-4.7%	1,528.2	1.2%	1,485.7	-2.8%
ZURICH	42,730.9	38,347.2	-10.3%	38,745.6	1.0%	44,081.2	13.8%	40,077.4	-9.1%
TOTAL	$2,900,016.6	$2,775,132.5	-4.3%	$2,992,035.4	7.8%	$3,669,128.6	22.6%	$3,820,257.9	4.1%

1) LONDON: Excludes Ireland.
2) LUXEMBOURG: Data inlcude investment funds in amounts of $5,029.0 mil. in 1984, $4,287.2 mil. in 1983, $3,083.7 in 1982, $2,940.5 mil. in 1981 and $2,540.6 mil. in 1980.
3) MEXICO: Data pertain to 178 domestic issuers in 1984, 160 in 1983, 161 in 1982, 151 in 1981 and 108 in 1980.
4) TEL AVIV: Includes convertibles.
5) VIENNA: Includes investment funds.

*Translated to U.S. $ at year-end exchange rates.

SOURCE: FIBV Activities and Statistics

RECENT INTERESTING READING AND STATISTICAL MATERIAL

Item	Description	Source
International Trade in Services: Banking	This report, produced by the Organization for Economic Cooperation and Development, details restrictive practices in OECD member countries which present banking services. Topics covered include, Cross-Border International Banking Operations, Reciprocity Provisions and Regulations Restricting and Foreign Acquisitions of Participations in Indigenous Banks.	Director of Information OECD 2, rue Andre-Pascal 75775 Paris, CEDEX 16, France
Corporate Taxes: A World Wide Summary	This guide summarizes basic information about corporate taxes in 94 countries and territories. It briefly outlines corporate tax rates and reviews major features of tax laws that affect corporate operations.	Price Waterhouse Center For Transnational Taxation 1251 Avenue of the Americas New York, NY 10020
World's Major Stock Exchanges: Listing Requirements	A guide for those companies considering possible listing on a foreign exchange. General background is provided and is not intended to be a compendium of all requirements.	Price Waterhouse Center For Transnational Taxation 1251 Avenue of the Americas New York, NY 10020
Securities Market In Japan: 1984	A book explaining the Japanese capital markets systems. A historical view of the Japanese securities market is also given. Information on stocks, bonds and securities taxation is also given.	Japanese Securities Research Institute c/o Tokyo Shoken Kaikag 1-5-8, Nibonbashi - Kayabasho Chuo-Ku, Tokyo 103 Japan
Tokyo Stock Exchange Fact Book 1985	Designed to clarify recent trends in the Japanese securities markets with statistical data provided by the TSE and other related organizations. Data includes brokerage commission rates, criteria for stock listing and share volume.	Tokyo Stock Exchange Research Department 1-1, Nihombashi-Kayaba-Cho 2-Chome

Comparison of Individual Taxation of Long and Short Term Capital Gains on Portfolio Stock Investments in Seventeen Countries	A report providing an overview of the taxation of gains realized on the sale of portfolio stock investments by individual residents of eleven major industrialized countries and six Pacific Basin countries. Also included is a description of any wealth or net worth taxes which would apply to securities.	Research Department Securities Industry Association 120 Broadway New York, NY 10271 $15 per copy
Foreign Activity in U.S. Securities	A quarterly report that tracks purchases and sales of U.S. securities by foreign investors. Third quarter data showed foreign net purchases of U.S. equities jumping to $1.4 billion from $529 million in the second quarter.	Research Department Securities Industry Association New York, NY 10271 Members $30.00/year Others $48.00/year

Subscription Form

SIA INTERNATIONAL NEWSLETTER

Member Rate: $24.00
Non-Member Rate: $48.00

Name _____

Title _____

Firm _____

Address _____

City _____ State _____ Zip ____

I would also like an additional free copy sent to:

Name _____

Title _____

Firm _____

Address _____

City _____ State _____ Zip ____

Additionally, please send me "Barriers To International Securities Markets Encountered by U.S. Broker Dealers" -- Cost $10.00

Total amount enclosed: $(U.S.)_____
(Orders must be prepaid)

Return to:

Research Department
Securities Industry Association
120 Broadway - 35th Floor
New York, NY 10271